

Message Text

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E.O. 11652: GDS

TAGS: PPDC, CA

SUBJECT: MESSAGE FROM THE PRIME MINISTER TO PRESIDENT
CARTER.

FYI ONLY THERE FOLLOWS TEXT OF PM'S RESPONSE DATED
JUNE 30 TO THE PRESIDENT'S LETTER OF JUNE 28 ON MTN MATTERS:
QUOTE: DEAR JIMMY, I WAS GLAD TO HAVE YOUR LETTER OF JUNE
28 ABOUT THE MTN NEGOTIATIONS AND THE RECENT HIGH LEVEL
MEETINGS IN WASHINGTON.

I SHARE YOUR VIEW THAT A SUCCESSFUL MTN IS OF CRITICAL
IMPORTANCE BOTH IN HOLDING OFF PROTECTIONIST PRESSURES AND
IN DEMONSTRATING THE CAPACITY OF GOVERNMENTS TO MANAGE AND
GIVE LEADERSHIP IN THE OFTEN DIFFICULT AREA OF TRADE RE-
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LATIONS. I THINK, MOREOVER, THAT A SUBSTANTIAL AND COMPRE-
HENSIVE RESULT, INCLUDING A MAJOR OUTCOME WITH RESPECT TO
TRADE AND RELATED MEASURES BETWEEN OUR TWO COUNTRIES, COULD
HOLD GREAT PROMISE FOR THE FURTHER EVOLUTION OF OUR ALREADY
GOOD AND VALUED ECONOMIC RELATION;

AS JAKE WARREN INDICATED IN WASHINGTON DISCUSSIONS,

WE HAVE AGREED WITH YOUR PEOPLE AND THE OTHERS PRESENT TO

MAKE A MAJOR EFFORT BETWEEN NOW AND THE BONN SUMMIT TO TRY TO SORT OUT THE OUTLINE OF A MUTUALLY SATISFACTORY SETTLEMENT OF THE MAIN ISSUES AT PLAY IN THE MTN. THIS WAS ON THE UNDERSTANDING THAT IN ADDITION TO PURSUING NATIONAL INTERESTS WE WOULD TRY TO TAKE INTO ACCOUNT, TO THE FULLEST EXTENT POSSIBLE, THE ESSENTIAL BOTTOM LINE POSITIONS OF OUR TRADING PARTNERS. I HOPE THAT THIS EFFORT WILL BE SUCCESSFUL, BUT GIVEN THE NATURE OF THE PROBLEMS IT WILL NOT BE EASY, ESPECIALLY IN THE SHORT TIME REMAINING BEFORE THE SUMMIT.

IN THIS RESPECT, AMBASSADOR STRAUSS MAY HAVE MENTIONED THE NEED, AS PART OF A SUCCESSFUL MTN OUTCOME, FOR THE OTHER MAIN PARTICIPANTS TO ACCOMMODATE THE PARTICULAR REQUIREMENTS OF THE CANADIAN POSITION. THIS IS LARGELY BECAUSE THE FORMULA APPROACH, WHICH WAS ADOPTED AS THE STARTING POINT FOR THESE NEGOTIATIONS, WOULD, AS FAR AS INDUSTRIAL TARIFFS ARE CONCERNED, SUBSTANTIALLY REDUCE THE LEVELS OF PROTECTION AFFECTING MOST OF OUR IMPORTS WHILE YIELDING RELATIVELY MINIMAL RESULTS OVER THE NARROWER RANGE OF CANADIAN EXPORTS TO FOREIGN MARKETS.

IN RECOGNITION OF THIS THE AMERICAN OFFER GOES BEYOND "FORMULA" AND ENVISAGES THE FURTHER REDUCTION OR
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ELIMINATION OF TARIFFS IN MANY AREAS OF INTEREST IN OUR TRADE. THIS IS HELPFUL. THE FACT IS, HOWEVER, THAT WE HAVE NO COMPARABLE RESPONSE FROM THE EUROPEAN COMMUNITY AND JAPAN. MANY OF THE ITEMS ON WHICH WE ARE LOOKING FOR SUCH ACTION FROM THESE TWO PARTICIPANTS ARE ALSO IMPORTANT IN YOUR EXPORT TRADE. THUS, IN ORDER TO HOLD TOGETHER THE LARGEST POSSIBLE PACKAGE FROM THE CANADA/USA POINT OF VIEW IT IS ESSENTIAL THAT THERE BE MORE FORWARD MOVEMENT FROM THE OTHERS. I AM ADVISED THAT AMBASSADOR STRAUSS HAS RECOGNIZED THIS AND WE TRUST THAT OUR OWN EFFORTS, HELPED BY HIS SUPPORT, WILL MAKE THIS POSSIBLE.

I UNDERSTAND THAT OUR TWO DELEGATIONS IN GENEVA ARE ENGAGING IN A FURTHER DETAILED NEGOTIATION TO TRY TO WORK OUT A MUTUAL ACCOMMODATION WHICH WOULD TAKE INTO ACCOUNT THE ESSENTIAL MINIMUM REQUIREMENTS OF EACH OF US. THIS, OF COURSE, WOULD BE CONDITIONAL ON OVERALL RECIPROCITY BEING ATTAINABLE IN THE NEGOTIATIONS AS A WHOLE. FOR OUR PART, WE ARE PREPARED TO CONSIDER POSSIBLE ADJUSTMENTS IN THE CANADIAN OFFER IN THE EXPECTATION YOU WILL DO LIKEWISE IN RESPECT OF YOUR OFFER. IF, IN THE LIGHT OF THE RESPONSES FROM OTHERS, DOWNWARD ADJUSTMENTS IN BOTH

OUR OFFERS ARE REQUIRED, I THINK IT WILL ALSO BE IMPORTANT

THAT OUR TWO DELEGATIONS CONTINUE TO WORK CLOSELY TOGETHER
TO MAINTAIN ON THE TABLE AS MUCH AS POSSIBLE THAT IS
IMPORTANT TO CANADA/USA TRADE.

IN THE AGRICULTURAL SECTOR, WE HAVE MANY INTERESTS IN
COMMON. THE CANADIAN DELEGATION HAS, I BELIEVE, THE
NECESSARY AUTHORITY, IN TERMS OF COMPENSATION TO THE
UNITED STATES, TO PERMIT A SATISFACTORY RENEGOTIATION OF THE
FRESH AND PROCESSED FRUIT AND VEGETABLE TARIFFS WHICH IT
HAS BEEN DECIDED WE MUST RAISE FOLLOWING THE STUDY AND
RECOMMENDATIONS IN THIS AREA OF THE CANADIAN TARIFF BOARD.
I HOPE WE CAN GET THIS SEPARATE RENEGOTIATION OUT OF THE
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WAY AS SOON AS POSSIBLE SO THAT WE MAY CONCENTRATE ON THE
MTN ASPECTS OF OUR AGRICULTURAL TRADE.

I LOOK FORWARD VERY MUCH TO SEEING YOU NEXT MONTH.
IN THE MEANTIME, IT IS TO BE HOPED OUR NEGOTIATING TEAMS
WILL BE ABLE TO SEE THEIR WAY THROUGH THE MAIN QUESTIONS
OUTSTANDING BETWEEN US AND THE OTHER MAJOR ISSUES WHICH
ARE AT STAKE FOR BOTH COUNTRIES IN THIS IMPORTANT INTER-
NATIONAL NEGOTIATION.

YOURS SINCERELY, P.E. TRUDEAU. END TEXT VANCE

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